

U.S. Department of Energy

OAK RIDGE OPERATIONS OFFICE

ANNOUNCEMENT

3890

November 8, 2004

SUBJECT: HEALTH BENEFITS OPEN SEASON AND FLEXIBLE SPENDING ACCOUNTS - NOVEMBER 8 THROUGH DECEMBER 13, 2004

The Federal Employees Health Benefits (FEHB) open season begins today and runs through December 13, 2004. Any eligible employee who is not currently registered may enroll during open season; and any eligible enrollee may change from one plan or option to another, from self only to self and family, or make a combination of these changes. Enrollees who wish to continue their current enrollment do not need to take any action during this open season. Enrollees whose plans will not be participating in the FEHB Program after December 31, 2004, or whose plans dropped the enrollment code they are enrolled in, MUST enroll in a different plan to continue FEHB coverage in 2005. There are not any Health Maintenance Organizations (HMO Plans) offered for Knoxville, Tennessee, and surrounding areas.

Enrollment Information, the 2005 Comparison Guide, and brochures for all plans are available on the Human Resources Division website at <http://www.oro.doe.gov/pmab>, can be accessed through the Office of Personnel Management (OPM) website at <http://www.opm.gov/insure/04/guides/index.asp>, or in the Federal Human Resources Branch (FHRB) in Room 1221 of the Federal Building. A comparison between individual plans may also be obtained thru the website <http://www.opm.gov/insure/04/spmt/plansearch.aspx> by entering your zip code and then checking the plans in the designated areas in which you are interested.

Employees wishing to enroll, change, or cancel their enrollment must use Employee Self Service (ESS) to make their election. All new enrollments and/or changes must include names of covered family members. New enrollments and changes in current enrollments elected during the open season will become effective January 9, 2005. If you change plans, any covered expenses incurred between January 1, 2005 and January 8, 2005, will count toward the 2004 deductible of the plan you are changing from.

If you have more than 10 dependents, you will need to submit an SF 2809, Employee Health Benefits Election, to FHRB no later than December 13, 2004. This form is available in Room 1221 of the Federal Building and in Room 32 of the Office of Scientific and Technical Information. You may access this form online at http://www.opm.gov/forms/pdf_fill/sf2809.pdf. Elections made using an SF 2809 cannot be processed until January 2005.

DISTRIBUTION: TO ALL ORO, YSO, PNSO, & OSTI EMPLOYEES

No: 3

If you are currently enrolled in FEHB, a brochure will be sent to you from your current carrier outlining the rates and benefits for 2005. You are encouraged to contact your current or potential physician(s) to assure they will be participating in your chosen plan for our servicing area.

All elections will be transmitted through the Office of Personnel Management (OPM) Data Hub directly to the carriers in late December so enrollment cards can be forwarded as quickly as possible.

These are basic types of plans available under the FEHB program:

- (1) **Managed Fee-for-Service Plans**: These plans reimburse you or your health care provider for covered services. If you enroll in one of these plans, you may choose your own physician, hospital, and other health care providers based on plan participation.

These plans are considered “managed” because they all contain features such as pre-certification of hospital admissions and utilization review of ongoing care. In addition, most of the fee-for-service plans have preferred provider arrangements in many parts of the country. You can reduce your out-of-pocket expenses and, in some cases, receive enhanced benefits by using preferred providers.

Fee-for-service plans include the Service Benefit Plan sponsored by Blue Cross and Blue Shield and plans sponsored by unions and other employee organizations. Several employee organization plans are open to all eligible employees who are full or associate members of the organizations that sponsor the plans. Other employee organization plans are restricted to employee organization groups and/or agencies. *(See the employee organization plan brochures for information about membership and membership fees which are in addition to your biweekly or monthly premiums.)*

- (2) **Health Maintenance Organization Plans - HMOs**: These plans provide a comprehensive array of medical services, emphasizing prevention and early detection of disease, through contracted physicians, hospitals, and other providers in particular locations. As previously stated, no HMOs are available for the Knoxville, Tennessee, area.

Each HMO is open to employees within the plan's enrollment area. You cannot enroll in an HMO if you are located outside its enrollment area. Refer to the plan's brochure if you have any questions about the enrollment area. If you are enrolled in an HMO outside of the state of Tennessee, be sure to review the brochure carefully to see if there are any changes in the plan's service area which would require any action on your part.

- (3) **Plans Offering a Point of Service (POS) Product**: Some FEHB plans blend their features. A number of fee-for-service and HMO plans now offer both forms of health care delivery, known as "in network" and "out of network." In an HMO that offers a POS product, the POS product acts like a fee-for-service plan. As an HMO enrollee, you may use non-affiliated (out of network) providers if you wish, but the services will cost you more in terms of deductibles and coinsurance than if you used plan providers.

In a fee-for-service plan with a POS product, the POS product acts like an HMO. If you agree to let your medical care be managed by network physicians, you will get a better benefit, usually in the form of richer benefits and lower co-payments or coinsurance.

- (4) **High Deductible Health Plans:** The new High Deductible Health Plans (HDHP) with a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA) is a combination of health plan and savings vehicle that provides a new opportunity and additional choices for Federal enrollees. Please refer to the website <http://www.opm.gov/hsa>, where you'll find a chart comparing their features.

Please note, the Office of Management and Budget has requested we notify you that the information you provide by enrolling in the FEHB may also be used for computer matching with Federal, State, or local agencies' files to determine whether you qualify for benefits, payments, or eligibility in the FEHB, Medicare, or other Government benefits programs.

Flexible Spending Accounts (FSA)

FSA elections are completely voluntary. FSAs are not carried over from one Plan Year to the next, so each fall, during the annual open season, employees *must* make a new election for the upcoming Plan Year. OPM selected SHPS, Inc. (SHPS) as the third party administrator for the Federal FSA Program.

Two FSAs are being offered to eligible employees:

- A Health Care FSA (HCFSA), through which employees may use pre-tax allotments to pay for certain health care expenses that are not reimbursed by FEHB or any other source and not claimed on the participant's income tax return. The maximum amount an employee may set aside in any tax year is \$4,000 and the minimum is \$250.
- A Dependent Care FSA (DCFSA), through which employees may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount an employee may set aside in any tax year is \$5,000 (\$2,500 if the employee is married and filing a separate income tax return) and the minimum amount is \$250.

Section 125 of the Internal Revenue Code (IRC) allows employees to pay for certain health and dependent care expenses with pre-tax dollars. You may choose to make a voluntary allotment from your salary to your FSAFEDS account(s); you will not pay employment or income taxes on your allotments and DOE also avoids paying employment taxes. If you participate, you will identify an annual amount of salary to be contributed to your FSA via SHPS. SHPS will translate these annual elected amounts into pay date allotments and request that your payroll office deduct them and remit them for deposit into your FSA account(s). You can draw upon your FSA account(s) for reimbursement as you incur eligible expenses.

Under current tax rules, money cannot be carried over from one Plan Year to the next or refunded. Employees will forfeit any money not claimed for eligible expenses incurred during the Plan Year by April 30 following the end of the Plan Year. This is known as the "use-it-or-lose-it" rule. We do not have the authority to provide waivers for any employee regarding funds that may be forfeited. Getting reimbursed for monies remaining in your FSAs after the plan year ends is considered deferred compensation and, therefore, expressly prohibited by IRC Section 125. For this reason, you may wish to be conservative in your estimate of how much money to allocate to an FSA. An interactive calculator has been provided on the FSA website at https://www.fsafeds.com/fsafeds/fsa_calculator.asp to determine the tax savings and help estimate what you should contribute.

Enrollments in FSAFEDS cannot be cancelled or changed after their effective date unless the employee experiences a qualified status change (QSC). The FSAFEDS website at www.fsafeds.com has more information on QSCs.

The Payroll account number you will need in filling out the FSA request is: **97-381400**. All information you will need to sign up for these accounts can be found at www.FSAFEDS.com by clicking on the "Enroll" link; or by contacting an FSAFEDS benefits counselor Monday through Friday from 9 a.m. to 9 p.m. Eastern time at 1-877-372-3337. Enrollments will be accepted on the web and by phone starting on November 8, 2004 through December 13, 2004. Timely Open Season enrollments are effective on January 1, 2005, for the Plan Year that runs from January 1 through December 31, 2005. Employees who know they will be unable to enroll during Open Season due to circumstances beyond their control, may submit their enrollment before Open Season by completing a Pre-Open Season enrollment form which can be downloaded from the "Forms" section of the FSAFEDS website at www.FSAFEDS.com. The form will not be available once Open Season begins. The form requires employees to verify the extenuating circumstance(s) preventing timely enrollment and authorize FSAFEDS to enroll them on their behalf. Early enrollments have the same effective date as timely enrollments. Employees who wish to make a belated enrollment after Open Season due to extenuating circumstances that prevented them from making a timely enrollment during Open Season must complete a Belated/Absentee enrollment form from the same website as above, and enrollment will be effective the day after FSAFEDS receives the enrollment form. Regardless of circumstances, no enrollments or QSCs are permitted after October 1 of any Plan Year.

If you have any questions or need additional information, please contact Cathy Clifton at (865) 576-0680 or Sherry Stotelmyer at (865) 576-0669.



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